

Chapter 3 —Program Agreement

If your application for participation in the CACFP is approved, we will enter into an agreement with you. The CNP Agreement stipulates the rights and responsibilities of IDOE (Indiana Department of Education) and the institution.

Although you may participate in several nutrition programs simultaneously, and therefore have several approved applications, you should ordinarily have only one CNP Agreement. Potential contractors who are not currently participating in an IDOE administered nutrition program receive a CNP Agreement at the new sponsor workshop.

IDOE will only execute a Agreement with you, a single legal organization, when you are approved to participate in your first IDOE administered program. IDOE considers a group of organizations to be a single legal organization, and thereby executes a single CNP Agreement, if they share a single Federal Employee Identification Number (EIN) unless all of the organizations request, or agree, to be treated as separate entities and can justify this decision. Examples of this justification include, but are not limited, to documentation that the organizations:

- have separate governing bodies; or
- are individually and solely responsible for liabilities arising from noncompliance with the terms and conditions of the agreement.

*** Program Requirements**

You are fully responsible for the operation of the program in all day care homes that you sponsor. Your responsibilities can be divided into the following general categories:

- conflicts of interest;
- reimbursable meals;
- nonprofit food service program;
- program management; and
- Program documentation.

Note: If you fail to comply with any of these program requirements, your participation in the CACFP may be adversely affected and may include termination of your CNP Contract.

Conflicts of Interest

You must establish and maintain a written code of standards of conduct. No officer, agent, consultant, contractor, volunteer, or other employee of your organization may engage in any activity which causes or could cause a conflict of interest in the operation of the CACFP.

Reimbursable Meals

You must ensure that meals served by your providers and claimed for reimbursement are eligible according to program requirements. Eligible, or reimbursable, meals must:

- meet CACFP Meal Pattern requirements;
- be served to eligible children; and
- be served according to federal and state regulations and policies.

Nonprofit Food Service Program

You must operate a nonprofit food service program. You must use all CACFP funds to conduct or improve the food service operation, principally for the benefit of the enrolled children.

Program Management

You may contract for certain functions necessary to the management of the program; however, you must accept final administrative and financial responsibility for operating the program in the day care homes that you sponsor. These responsibilities are described in federal and state laws, regulations and policies, and in your approved application and CNP Contract. You must not deviate from your approved budget and application/management plan without our written consent. You cannot contract for the management of the program by a third-party.

Functions that must not be subcontracted include, but are not limited, to:

- preparation of application materials;
- monitoring;
- submission of claims; and
- corrective action.

Examples of management services where subcontracting is acceptable include:

- bookkeeping/auditing;
- data processing; and
- nutrition consultation.

IDOE does not approve or endorse software packages for use by contractors to manage their participation in the CACFP. You may purchase program management software of your own accord. However, you are responsible for ensuring that the software supports your participation in the CACFP according to program requirements. Frequently software provides alternate versions of the forms or reports that correspond to official IDOE forms used in the CACFP. If you discover alternate versions and wish to use them when submitting program information to IDOE, you must first submit the documents for approval as alternate forms.

Program Documentation

You must maintain all records necessary for state and federal authorities and their agents to evaluate your operation of the program. These records should be kept at the main business office and staff should know how to access the records in the absence of the CACFP contact person. If your participation in the CACFP is terminated for any reason, you must maintain, for a period of three years and 90 days from the last day of the program year to which they pertain, all records related to the CACFP services that you provided and for which a claim was submitted. If there is unresolved litigation, claims, audits, or investigations, you must maintain the records until the matter is resolved or for three years and 90 days, whichever is longer.

***Program Payments**

During your participation in the program, you may receive the following items from us:

- program payments to assist with the cost of:
 - starting or expanding the program in day care homes,
 - providing meals, and
 - administration of the program in day care homes;
- technical assistance; and
- program management training.

Program Reimbursement

You receive reimbursement based upon the USDA rates of reimbursement for meals and snacks served to children in the family day care homes and reimbursement for administrative expenses based upon the USDA rate times the number of homes claiming in any given month.

Start-Up Funds

If you sponsor fewer than 50 providers, you may request start-up funds to expand your day care home operation. When available, IDOE may allocate start-up funds to assist your recruitment of providers to a maximum participation of 50. Start-up funds generally only pay for the direct costs of recruiting providers, e.g., staff and travel. Indirect costs will not be funded. You can only receive start-up funding one time.

In your application, you must provide:

- an acceptable recruitment plan; and
- an organizational history of managing funds and ongoing activities.

If we approve your application for start-up funds, you must sign an agreement that contains or identifies:

- your recruitment plan;
- the amount of start-up funds;
- a budget for expanding your DCH-operation;
- the length of time that you will need to expand your DCH-operation;
- a provision for repaying funds that were not used according to program requirements; and
- a ban on the use of start-up funds to recruit providers who are already participating with an approved sponsoring organization.

The maximum start-up funding is the administrative rate for “Initial 50 Day Care Homes” on the most current fiscal year’s rates of reimbursement. You will not receive start-up funding for the providers whom you already sponsor.

Example: You currently sponsor 10 providers and want to recruit an additional 40 providers. Forty providers \times \$107 (current fiscal year administrative rate per provider) \times 1 month (minimum) = \$4280 (minimum start-up funding); 40 providers \times \$107 \times 2 months (maximum) = \$8560 (maximum start-up funding).

Sponsoring organizations are also eligible for expansion funds—to expand Program operations in homes in low income or rural areas. The organization must meet the requirements listed above and must submit an application for expansion funds.

The State Agency can approve an agency for expansion funds more than once, provided that the request is for expansion into an area(s) other than the areas included in the request for start-up or prior expansion grant funds. Twelve months must have elapsed since the organization has satisfied all of its obligations under a prior start-up or expansion grant.

The maximum expansion funding is the administrative rate for “Initial 50 Day Care Homes” on the most current fiscal year’s rates of reimbursement for up to 50 new homes. For example, your organization wants to expand in a low income or rural area. Fifty providers \times \$107 (current fiscal year administrative rate per provider) \times 1 month (minimum) = **\$5350** (minimum expansion funding); 50 providers \times \$107 \times 2 months (maximum) = **\$10,700** (maximum expansion funding).

At the end of the recruitment period specified in the agreement, you must submit records detailing your use of the start-up or expansion funds. Based on a review of the records, we may request a repayment of the funds that were not used according to program requirements, for example, training of currently sponsored providers. No sponsoring organization may retain any start-up or expansion payments in excess of its actual costs for the expenditures specified in the agreement.

Provider Licensing Funds

Sponsoring organizations may use administrative program funds to defray certain licensing-related expenses for unlicensed, low-income providers. The maximum use of funds is \$300 per provider in any combination of expansion, start-up, or administrative funds.

Exception: Expansion funds may be used only to assist unlicensed income-eligible providers located in low-income or rural areas.

If you wish to use administrative program funds to finance the licensing or registration of a provider, you must amend your budget to add a line item for licensing related expenses.

Note: CACFP funds can only be used once to assist a provider in becoming licensed. Use of CACFP program funds to assist a provider who is already or has previously been licensed to provide child care is not allowed.

You must submit records detailing your use of program funds. Based on a review of your records, we may request a repayment of program funds that were used to defray certain licensing-related expenses, but were not used according to program requirements, e.g., you expend more than \$300 on an individual provider.

Reimbursement for Meals

Providers are reimbursed for part of the cost associated with meal service in the CACFP. Providers must ensure that meals served to children meet CACFP requirements.

You may reimburse providers for meals that they serve to their own children if:

- the provider's household meets family size and income guidelines for free or reduced-priced meals;
- the provider's children are enrolled for child care; and
- at least one nonresident child is present at the meal service.

Within five workdays of the date that you receive food service payments from IDOE, you must reimburse each of your providers. The payments are based on the Tier status of the provider (Tier I or Tier II), the Tier status of the enrolled children (if the provider is Tier II), and the number of meals served to enrolled children by each provider.

You must submit an amended claim and return any food service overpayment to IDOE if:

- an error in your records or a provider's records is discovered after you have submitted a claim for the affected month;

- a review of your organization reveals errors in one or more claims (this may be part of a corrective action); or
- an audit of your organization results in a finding or exception that an overpayment was made.

You must first submit the amended claim prior to returning any monies to IDOE. After we process the amended claim, we will notify you of any debt and provide instructions for returning the monies. Generally, the debt will be deducted from the next claim that you submit.

Additionally, you must return to IDOE any food service payments that you are unable to disburse to a provider. You may be required to return payments if:

- a provider has moved; or
- a check written to a provider is not deposited by its expiration date.

If you must return food service payments that you were unable to disburse to a provider, you must include a letter that states the:

- amount of money you are returning to IDOE,
- name of the provider for whom the money was intended, and
- reason you were unable to disburse the money to the provider.

You must send the letter to the State Agency and you should retain a copy of the letter and supporting documentation for your records.

Administrative Payments

Sponsors of homes will receive administrative payments as reimbursement for the allowable expenses that you incur while sponsoring the CACFP activities of your providers. You must report all administrative expenses on the appropriate claim forms each month.

You will receive the following: standard monthly rate per eligible provider.

Note: You cannot use a provider's meal reimbursement for your administrative expenses or administrative reimbursement for provider meals.

Technical Assistance

State Agency staff is available to provide technical assistance to help you complete the CACFP application and operate the program. If you have a question that is not answered in the handbook or if you need clarification of information contained in the handbook, call the State Agency at 317-232-0850 or 800-537-1142, option 2.

